

Message Text

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PAGE 01 PEKING 01751 090447Z
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SUBJ: HIGHLIGHTS OF PRC FOREIGN TRADE MINISTER INTERVIEW

1. SUMMARY: IN A RECENTLY RELEASED MAGAZINE ARTICLE (SUMMARIZED IN NCNA), FOREIGN TRADE MINISTER LI CHIANG STATED THAT CHINA'S FOREIGN TRADE HAD GONE VERY WELL IN THE FIRST HALF OF 1978 AND A "FURTHER BOOM" WAS EXPECTED. HE ANNOUNCED THE ESTABLISHMENT OF A NEW STATE FOREIGN TRADE CORPORATION TO FACILITATE SALES OF MACHINERY AND EQUIPMENT TO DEVELOPING COUNTRIES. THE ARTICLE FEATURED A LISTING OF THE RECENT, MORE FLEXIBLE, TRADING POLICIES ADOPTED TO PROMOTE CHINESE EXPORTS. LI'S REMARKS ON CREDIT POLICY AND THE IMPORT OF FOREIGN WHOLE PLANTS AND TECHNOLOGY CONTAINED NO SURPRISES, BUT DID PUBLICLY APPROVE "FAIRLY LONG TERM DEFERRED PAYMENTS" AND COMPENSATION "BY OUR OWN PRODUCTS." LI SPOKE VERY FAVORABLY ABOUT THE PROSPECTS FOR SINO-JAPANESE AND SINO-WEST EUROPEAN TRADE, BUT MADE NO MENTION OF US-CHINA TRADE. END SUMMARY

2. LATEST ISSUE OF CHINA'S FOREIGN TRADE (3/1978) FEATURES
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PAGE 02 PEKING 01751 090447Z

AN INTERVIEW WITH PRC FOREIGN TRADE MINISTER LI CHIANG WHICH IS MOST AUTHORITATIVE PUBLIC STATEMENT ON THIS SUBJECT SINCE HUO KUO-FENG'S ABBREVIATED COMMENTS ON FOREIGN TRADE IN HIS WORK REPORT TO THE FIFTH NATIONAL PEOPLE'S CONGRESS. LI STATED THAT THE 1977 IMPORT AND EXPORT STATE PLAN WAS OVERFULFILLED AND THAT TRADE IN THE FIRST HALF OF 1978 "HAD GONE VERY WELL." HE PREDICTED A

"FURTHER BOOM" IN TRADE. LI'S SPEECH HIGHLIGHTS NEW TRADE PRACTICES WHICH THE CHINESE FOREIGN TRADE CORPORATIONS HAVE RECENTLY ADOPTED OR RESTORED. WE HAVE REPORTED ON MOST OF THESE PREVIOUSLY; LI'S COMPLETE LISTING INCLUDES: ACCEPTING EXPORT ORDERS MADE ACCORDING TO BUYER'S DESIGNS AND TRADEMARKS; ACCEPTING EXPORT ORDERS MADE WITH BUYER'S OWN MATERIAL; ACCEPTING EXPORT ORDERS PACKED OR PACKAGED WITH BUYER'S OWN MATERIAL; ACCEPTING EXPORT ORDERS IN WHICH THE COMPONENTS SPARE PARTS OR COMPLETE SETS OF TOOLS WOULD BE MADE ACCORDING TO THE SPECIFICATIONS OF THE BUYER'S OWN MACHINES; ADOPTING DIFFERENT FORMS OF PAYMENT ACCORDING TO "CONCRETE CONDITIONS;" SELLING GOODS AT CHINESE TRADE EXHIBITIONS ABROAD; HAVING CONSIGNMENT SALES IN OTHER COUNTRIES; ADJUSTING PRICES OF CHINESE EXPORT COMMODITIES IN ACCORDANCE WITH PREVAILING PRICES IN INTERNATIONAL MARKETS.

3. LI'S COMMENTS ON CHINESE POLICY ON IMPORTING WHOLE PLANTS AND TECHNOLOGY CONTAINED NOTHING NEW. HE SIMPLY SAID THAT THESE WOULD BE IMPORTED "IN A PLANNED AND SELECTIVE WAY." SIMILARLY, HIS STATEMENT ABOUT PRC CREDIT POLICY WAS ALONG FAMILIAR LINES, BUT WITH THE SUGGESTION THAT SOME CHANGES ARE BEING CONSIDERED. HE STATED "NO MATTER WHAT FORMS OF PAYMENT WE ADOPT -- CASH INSTALLMENT, FAIRLY LONG-TERM DEFERRED PAYMENTS, LIMITED OFFICIAL USE

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PAGE 03 PEKING 01751 090447Z

COMPENSATION BY OUR OWN PRODUCTS, OR OTHER PREVAILING FORMS IN INTERNATIONAL TRADE, WE HOLD THAT ALL THESE FORMS SHOULD BE BASED UPON OUR ABILITY TO PAY IMMEDIATELY OR WITHIN A SPECIFIED PERIOD OF TIME. OTHER FORMS WHICH DEVIATE FROM THIS PRINCIPLE ARE UNACCEPTABLE TO US."

4. OTHER HIGHLIGHTS INCLUDED HIS FAVORABLE MENTION OF THE SINO-JAPANESE LONG-TERM TRADE AGREEMENT WHICH HE TERMED OF "VITAL SIGNIFICANCE" IN EXPANDING BILATERAL ECONOMIC AND TECHNICAL INTERCHANGE, AND HIS STATEMENT THAT TRADE BETWEEN THE WESTERN EUROPEAN COUNTRIES HAS "BROAD PROSPECTS." NO MENTION WAS MADE OF US/PRC TRADE. LI STATED THAT THE PRC HAS ESTABLISHED A NEW FOREIGN TRADE CORPORATION -- THE CHINA NATIONAL MACHINERY EQUIPMENT EXPORT CORPORATION -- IN ORDER TO PROMOTE CHINESE TRADE WITH DEVELOPING NATIONS. THE NEW CORPORATION WILL SPECIALIZE IN THE EXPORT OF HAND TOOLS, MACHINE TOOLS, METERS AND INSTRUMENTS, OTHER MACHINERY AND EQUIPMENT, AND SMALL COMPLETE PLANTS.

5. COMMENT: ALTHOUGH THERE IS LITTLE NEW IN LI'S INTERVIEW, IT CONSTITUTES A USEFUL SUMMING UP OF CURRENT

PRACTICES AND PUTS THE OFFICIAL STAMP OF APPROVAL ON
"FAIRLY LONG-TERM DEFERRED PAYMENTS" AS WELL S
"COMPENSATION BY OUR OWN PRODUCTS" WHICH MAY INCLUDE OIL,
COAL, AND OTHER COMMODITIES. THE NATIONAL CONFERENCE ON
FINANCE AND TRADE, SCHEDULED TO BEGIN SOON, MAY ANNOUNCE
MEASURES WHICH REFLECT FURTHER LIBERALIZATION OF PRC TRADE
POLICY -- PARTICULARLY IN THE AREA OF TRADE FINANCING.
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